

SUMMARY OF MEETING OF SENIOR NSC STAFF
Friday, August 24, 1951, 4:00 p.m.

EXPORT OF AUTOMOTIVE PARTS VIA DENMARK FOR POLAND

(Memo for Senior NSC Staff from Executive Secretary, same subject, dated August 23, 1951)

Consideration was given to the draft report on the subject prepared by the Department of State and the Economic Cooperation Administration and attached to the reference memorandum.

It was pointed out that the draft report proposed authorization for the shipment by the U.S. to Denmark, for re-export to Poland, of automotive parts which were not being licensed for direct shipment by the U.S. to Poland. It was believed that Poland would not sign a new trade agreement with Denmark under which Denmark would receive Polish coal, unless Denmark could undertake a commitment to supply U.S. automotive parts to Poland. A U.S. decision on the Danish request for assurances that these parts would be available was felt to be urgent, since the Danish-Polish trade negotiations were scheduled to begin immediately.

In support of the position taken in the draft report, it was pointed out that passenger cars and trucks of five tons and under are not on U.S. or the international lists; automotive parts are on the U.S. II-B list but on no international list. Emphasis was placed on Denmark's need for coal, which could be considered a strategic commodity from the Danish point of view. It was felt that Denmark is strongly desirous of continuing trade through established channels and is apprehensive lest the U.S. seek the imposition by the European countries of progressively more stringent trade restrictions until open economic warfare develops. It was pointed out that economic warfare is regarded in Denmark as greatly increasing the probability of general war and that Denmark is therefore reluctant to take measures which could be interpreted as acts of economic warfare. In this connection Denmark's fear of war was stressed and the tendency of some Danes to envy Swiss and Swedish "neutrality" was described. The belief was expressed that since the Danes deeply resent "pressures" on the question of trade restrictions, refusal by the U.S. to permit shipment of automotive parts for re-export to Poland might result in Denmark's withdrawal from the Paris Coordinating Committee. Such a withdrawal

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might precipitate a chain reaction eventuating in the collapse of cooperative export controls. The view was expressed that European countries would be less reluctant to risk the discontinuance of U.S. assistance now that such assistance emphasized rearmament than they would have been when such aid was more largely of an economic character. It was felt that shipment of the automotive parts to Denmark need not be a controlling precedent, since the U.S. would retain control over decisions as to future cases of a similar nature.

In opposition to the position taken in the draft report, the belief was expressed that there must be some way whereby the United States could obtain coal for Denmark without serious diversion from other consumers, at least for the coming winter until Germany can provide more coal. It was pointed out that the present problem is not a matter of inducing Denmark to refrain from shipping Danish items to Poland, but is a question of the U.S. deliberately deciding to ship militarily important items to Denmark knowing that they will be re-exported to Poland. It was felt that a U.S. decision to ship the automotive parts in these circumstances would be regarded as a precedent in future cases and that the Soviet bloc would be quick to take advantage of the situation by "blackmailing" various countries into demanding important items from the U.S. for re-shipment to the Soviet bloc. The possibility that the present case might be the entering wedge for opening a breach in the system of controlling exports to the Soviet bloc was regarded as more serious than allowing Poland to receive the automotive parts. The view was put forward that automotive parts are of greater strategic significance, particularly to the Soviet bloc, than is sometimes assumed.

Even the initial \$200,000 shipment of such parts might enable Poland to rehabilitate enough vehicles to provide mobility for a division of troops, since one small and inexpensive part might put a whole vehicle into operation. There was some feeling that it might even be preferable to suggest that Denmark obtain Polish coal by transferring old cargo ships to Poland.

In response to questions, the belief was expressed that if the U.S. were to provide coal to Denmark in lieu of Polish coal, then some other European consumer would be short of coal. However, the view was also expressed that the chief difficulty in supplying coal to Denmark from Western sources lies in the dollar problem rather than in the supply of coal or the availability of shipping. It was thereupon suggested that the problem could be solved by requesting the Congress, in furtherance of its position as expressed in the Kem amendment, to appropriate dollars for supplying the coal to

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Denmark. However, doubt was expressed that the Congress would be willing to do this.

Emphasis was placed on the domestic political situation as a factor in this problem. It was pointed out that a decision to ship the automotive parts would have political repercussions which the President would undoubtedly wish to consider.

In view of the divergence of opinion and the importance of the issues involved, it was agreed that this report, together with the other considerations bearing on the problem, should be urgently considered by the National Security Council with a view to submitting recommendations to the President for decision.

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